

REPORT
OF THE INTERIM COMMITTEE ON
AGRICULTURE
1999

SAM LEAKE, CO-CHAIR
(573) 751-7852
SAM BERKOWITZ
JIM GRAHAM
MARK HAMPTON
DAN HEGEMAN
DAVID KLINDT
DON KOLLER

INTERIM COMMITTEE ON
AGRICULTURE
State Capitol
Jefferson City, MO 65101

MARILYN WILLIAMS, CO-CHAIR
(573) 751-0728
MAURICE LAWSON
KEN LEGAN
DENNY MERIDETH
CHUCK PRYOR
DAVID SCHWAB
GARY WIGGINS

November 8, 1999

The Honorable Steve Gaw
Office of the Speaker
State Capitol
Jefferson City, Missouri 65101

Dear Speaker:

As directed, your Interim Committee on Agriculture has met to investigate the status of Missouri's agricultural economy affecting Missouri family farmers.

State reports show at least a 50 percent crop loss in some areas and reduced corn yield and severe damage to soybean crops due to drought. The U.S. Department of Agriculture designated all of Missouri's 114 counties eligible for disaster relief as a result of drought conditions across the state. Food and Agricultural Policy Research Institute (FAPRI) University of Missouri projects that up to 17 percent of Missouri farmers are at risk of failing. If conditions persist through next year, another 32 percent could fail.

After substantial public hearing and deliberation, the Committee proposes the attached recommendations for immediate action. While much more can be done to enhance the viability of family farms and to attract younger people into agriculture, the attached report establishes a priority action plan that will assist those farmers most in need and encourage the development of businesses with the likelihood for long-term success.

The members of the Committee look forward to working with the agencies and citizen groups mentioned in the report to boost Missouri's agricultural opportunities and ensure that farming remains a valued vocation.

Sincerely,

Sam Leake, Co-Chair

Marilyn Williams, Co-Chair

October 29, 1999

The Honorable Steve Gaw
Office of the Speaker
State Capitol
Jefferson City, Missouri 65101

Dear Mr. Speaker:

The undersigned members of the Interim Committee on Agriculture have completed their study on the needs of Missouri farmers and agriculture programs and submit the attached report.

Representative Sam Leake, Co-Chair

Representative Marilyn Williams, Co-Chair

Representative Sam Berkowitz

Representative Maurice Lawson

Representative Jim Graham

Representative Ken Legan

Representative Mark Hampton

Representative Denny Merideth

Representative Dan Hegeman

Representative Chuck Pryor

Representative David Klindt

Representative David Schwab

Representative Don Koller

Representative Gary Wiggins

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On August 16, 1999, Speaker of the Missouri House of Representatives Steve Gaw in his wisdom appointed members of the House of Representatives having agricultural expertise to examine Missouri's small farms and agriculture programs.

COMMITTEE'S RESPONSIBILITY

The Committee was charged with the responsibility to develop strategies to ensure the continued viability of Missouri farmers including specific measures the public, non-profit, and private sectors can take to enhance the economic livelihood of Missouri farms. The Interim Committee could solicit input and information from any groups, organizations, and entities that it deemed necessary to fulfill its duties including working with the Missouri Department of Agriculture and various citizens groups.

COMMITTEE ACTIVITIES

The Committee held public meetings throughout the state to seek public testimony concerning problems and possible solutions to all matters of concern to Missouri farmers and agriculture programs. The meetings were held as follows:

September 27, 1999 - Malden Community Center, Malden, Missouri

September 28, 1999 - Visitors Center, Mark Twain Lake Dam, Perry, Missouri

September 29, 1999 - Weston R-II High School, Weston, Missouri

September 30, 1999 - Southwest Missouri University, Department of Agriculture,
Springfield, Missouri

October 5, 1999 - State Capitol Building, Jefferson City, Missouri

November 1, 1999 - State Capitol Building, Jefferson City, Missouri

RECOMMENDATIONS

Mr. Speaker, your Interim Committee on Agriculture respectfully submits the following recommendations after review, public hearings, and deliberation:

1. The General Assembly may wish to pass its own packers and stockyard act to afford the Attorney General greater opportunities to insure Missouri producers are treated fairly.

Missouri packers and stockyard legislation would provide Missouri livestock producers timely intervention and correction of unfair practices by entities doing business in Missouri.

2. The Office of the Missouri Attorney General is requested to investigate and report to the Committee its findings on the following:

A. Are the prohibitions against packers owning livestock being observed in Missouri as provided in the Packers and Stockyard Act, 7 USCA section 181, et seq.;

B. Do farmer-owned cooperatives, such as Farmland and MFA, qualify as co-operative marketing associations under the Co-operative Marketing Associations Act (Capper-Volstead Act) 7 USCA section 291, et seq.; and

C. If Smithfield Food Inc. obtains Murphy Brother's hog facilities in Missouri, can Smithfield Foods Inc. operate those facilities located outside the counties exempted from Missouri's corporate farming prohibition?

The Committee wishes to respond to persons posing the above questions.

3. Missouri First Linked Deposit Program funds dedicated to agriculture should be expanded as needed and loan duration should be extended.

Currently the program provides for low cost loans of up to \$100,000 for up to five years for existing farmers to help finance operating costs. Loans were extended statewide for one year in 1993 due to flooding and again in 1998 to 107 weather-related disaster counties. This year all Missouri counties qualify for federal agricultural disaster relief and need any flexibility in loan repayment and extension of loan duration.

The same program provides for low cost loans of up to \$250,000 for up to five years for beginning farmers to finance operating costs, as well as the purchase of real property such as land, buildings, and machinery. Beginning farmers, usually heavily leveraged financially, are being hit especially hard by the current crisis and need flexibility in loan repayment and loan duration extensions.

4. Gas stations selling fuels containing Methyl Tertiary Butyl Ether (MTBE) as the oxygenate should be required to include the presence of MTBE in labeling information on the pumps.

Methyl Tertiary Butyl Ether (MTBE) has proven to be a source of ground and surface water pollution and has been banned in California and Maine. Two recent spills in Missouri have resulted in ground water pollution of which the impact is yet to be determined. The importance of ground and surface water in Missouri justify making the consumer aware of the presence of MTBE in their fuel purchases.

5. The Farmers' Market Program for true farmers' markets (markets which require the producers to produce what they offer for sale) in the Department of Agriculture should be expanded, the Department of Agriculture should also provide for certification of organically grown commodities, and provide for inspection of certified organically grown foods including meats.

Farmers' markets are excellent examples of value-added agricultural endeavors. Direct marketing by producers in true farmers' markets is an excellent source of farm income while providing consumers an education as to what is involved in producing their foods for sale. Producers through face-to-face sales expand their client base and provide a fresh source of food for discriminating consumers.

The organic food market is rapidly expanding in Missouri as well as the number of persons producing such foods. Missouri needs to provide for certification and labeling of these foods to ensure quality, avoid false claims by imitators, and provide creditability for producers. In the absence of certification, consumers are learning to rely on organic foods produced in other states.

Note: While expanding Missouri grown labeling, 4-H and FFA projects could receive a Agri-Missouri youth grown label to encourage young producers to continue in the rapidly aging agriculture production vocation. The average producer is 57 years old in Missouri!

6. The Department of Agriculture in cooperation with the Department of Economic Development is instructed to review Minnesota, Louisiana, and other applicable state

programs as they relate to rural economic development.

Missouri's rapidly changing agricultural economy necessitates the above stated study. New and innovative targeted programs will be needed to meet the challenges of the current and future crisis. Strategies to allow rural families, through education and training, to pursue economic opportunities in their communities would be most helpful.

Note: (A) The General Assembly may wish to examine a program to allow family farm producers in disaster years to sales tax credits for up to 50% of their net loss for cash.

(B) The General Assembly may wish to examine a tax credit program for support of beginning farmers.

7. The Missouri General Assembly should approve the Missouri Soybean Merchandising Council's offer to place a person, at the Council's expense, in the Missouri Department of Agriculture's Taiwan office to promote value-added soybean merchandising.

The partnership between the Missouri Department of Agriculture and the Missouri Soybean Merchandising Council with a focus on value-added soybeans would place Missouri in position to capture the Southeast Asian market. The concern regarding genetically modified organisms (GMOs) is opening the door for developing international relationships, especially in places like Taiwan. Timing in marketing is essential, and this new market could greatly benefit Missouri soybean producers.

8. A task force composed of representatives of commodity and producer organizations and appropriate state agencies should be appointed by the Missouri Department of Agriculture to identify specific rules and regulations onerous to agricultural production and processing.

In hearings throughout the state, the Committee heard that both the state and federal governments were placing unneeded rules and regulations on producers and processors, yet no specific rule or regulation was ever sighted. A task force composed of representatives of commodity and producer organizations and appropriate state agencies' representatives could review Missouri rules and regulations as to need, effectiveness, redundancy, and paperwork. Objectionable rules and regulations, after free and open fact and science based discussion, could be mitigated, where possible. Better understanding of the need for and consequence of the rules and regulations could be gained by both sides.

9. Missouri should provide meat inspectors for small packers and butchering establishments.

United States Department of Agriculture (USDA) inspection is not economically practical for small establishments. Missouri Department of Agriculture provided this service in the past and should aid these establishments with State inspection.

OTHER AREAS OF POSSIBLE DISCUSSION

- 1. The definition of "new generation cooperative" and "value-added" should be reviewed by the House Agriculture Committee and the House Agri-Business Committee.**
- 2. Blank contracts should be obtained from poultry integrators contracting with Missouri producers and placed on file in the Department of Agriculture to allow potential producers to make informed decisions when entering into such contracts.**
- 3. Possible legislation to allow producers to obtain a tax deferred operational trust fund should be examined by the General Assembly.**
- 4. Conservation strips surrounding planted ground and buffer-zones surrounding animal agriculture facilities may be reclassified for tax purposes upon recommendation by the General Assembly.**
- 5. Federal loans on crops presently terminate in nine months. The Missouri Department of Agriculture should study the feasibility of providing an extension of this time period to provide producers with an alternative to mass forced sale of their grain.**
- 6. The Missouri Department of Agriculture should examine a possible on-farm storage loan program to provide producers greater control over marketing their crops.**

RECOMMENDATIONS TO CONGRESS

The following recommendations were submitted by individuals and entities testifying before the Interim Committee on Agriculture and deemed worthy of further consideration by Congress:

1. Congress may wish to consider Freedom to Fallow as an addition to the Freedom to Farm Act.

Allowing producers to fallow up to 30% of their grounds affords producers additional flexibility and income while reducing crop surpluses.

2. Congress may wish to consider a farmer-owned grain reserve be added to the Freedom to Farm Act.

A farmer-owned grain reserve allows producers greater control over supply and demand for their commodities.

3. Congress should take all possible actions to ensure that the Packers and Stockyard Act is enforced.

Provisions of this act are reportedly being ignored to the detriment of livestock producers.

4. Congress should establish tolerance levels for adulteration of grains with respect to genetically modified organisms (GMOs).

Currently grains are handled by many entities and could be placed in several bins, trucks, rail cars, and container ships in route to final destinations. If adulteration standards are not

established and written into contracts, grain producers may find large shipments rejected at their destinations.

5. Congress should ensure funding of the United States Department of Agriculture.

Given the changing face of the world market and agriculture, both domestic and abroad, it is essential that the Department of Agriculture is fully staffed and carrying out its duties to both protect the American consumer and the integrity of American commodity exports.

6. Country-of-origin labeling should be a federal law.

Country-of-origin labeling is essential to allow American consumers to make informed choices in their food purchases.

7. Agriculture should be part of the total trade package at world trade negotiations in Seattle, Washington, and trade sanctions involving agricultural commodities should be reexamined and abolished where possible.

8. Current loan rates on commodities produced in this country under the current formula are lowered when most needed to be raised. Congress should examine and correct this formula to provide producers support when it is needed most.

9. Daily reporting on the price paid producers of livestock should be legislated and funded by Congress.

Price reporting allows individual producers to be sure they are being paid the same amount as other producers selling animals of the same quality to a packer. This legislation has been passed by both Missouri and South Dakota.

10. The estate tax (formally known as the inheritance tax) as it relates to family farms should be repealed.

Farmers are getting older and few young farmers are entering this very important vocation. Modification of the estate tax would aid family farmers wanting to pass along their property to family members wanting to continue to farm.

OTHER POINTS FOR CONGRESSIONAL DISCUSSION

- 1. Rules and regulations applying to agriculture should be based on science, and an economic impact.**
- 2. Family health insurance should be a federal tax deduction for producers.**
- 3. Congress should apply risk management to crop insurance.**
- 4. Tax credits should be provided at the federal level for persons aiding beginning farmers.**
- 5. Senator Paul Wellstone's bill to place a moratorium on further consolidation in agriculture should be passed and enacted.**

TESTIMONY RECEIVED

Malden, Missouri (September 27)

Joe Heckemeyer
J. T. Howard

John Hutchison
Charles Kruse

Larry Riley
Jonathan M. Rogers

Perry, Missouri (September 28)

Julie Baker
Richard Erisman

Jim Foster
George G. Grawer

David Kitsenbury
Russ Kremer

Weston, Missouri (September 29)

Gary Anderson
Bill Christison
Barbara Fulk
Orville Fulk

Miles Mitchell
Kenneth Munsterman
Gary Oberdiell
Terry Richardson

Louis Smither
Casey Spencer
Hal Sumney
Mark Wittmeyer

Springfield, Missouri (September 30)

Bert Blanton
Richard Cram
John Delly
Wil Hardiman

Richard Holland
Marilyn Ison
Gary Jensen
Jim Kreider

Charles Kruse
Steve Price
Wayne Schnelle

Jefferson City, Missouri (October 5)

Gina Bowman-Morrill
James I. Brezovec
Travis Brown
John Canthorn
Brad Epperson
Gary Evans

John Hunt
Dan Kuebler
Dale R. Ludwig
John McClenathan
Gary D. Marshall
Don Nikodim

Bill Ratcliff
Steve Rosenbloom
John Saunders
Lowell Schachtsiek
Wes Shoemyer
Wayne Vanderwert

Jefferson City, Missouri (November 1)

Don Allen
Mike Baker

Richard Gallant
Darryl Oxford

Claud Rutherford
Mike Zumwinkle

Missouri Department of Agriculture Programs Assisting Small Farms

The Missouri Agricultural and Small Business Development Authority

Missouri Value-Added Grant Program - The purpose of the program is to provide grants for projects that add value to agricultural products by the development, processing and marketing of new or expanded uses for those products and aid in the economic development of Missouri's rural communities. The grants are intended to be utilized for activities prior to business start-up or expansion, such as feasibility studies and marketing or business plans.

Missouri Value-Added Loan Guarantee Program - The program provides up to a 25% first-loss guarantee on loans not to exceed \$250,000 that lenders make for the purpose of an agricultural business development loan. The loans will benefit Missouri's farmers through the creation of value-added agricultural products by creating new uses, new markets or further processing these agricultural products or assist in the development of farmer-owned cooperatives for further processing of agricultural products. Land, building and equipment may be guaranteed as well as the purchase of stock in farmer-owned cooperatives involved in processing agricultural products. Borrowers qualifying for this loan may also qualify for the MISSOURI FIRST Linked Deposit Program with the state treasurer's office.

Beginning Farmer Loan Program - The program helps beginning farmers in Missouri acquire agricultural property at reduced interest rates. Through the issuance of "Aggie Bonds," lenders receive a federal and state tax-exemption on interest earned on loans made to beginning farmers. The tax savings are passed on to beginning farmers in the form of lower interest rates.

Single-Purpose Animal Facilities Loan Guarantee Program - The purpose of the Single-Purpose Animal Facilities Loan Guarantee Program is to provide a 25 percent first-loss guarantee on loans up to \$250,000 that banks and other lenders may make to independent livestock producers. Borrowers qualifying for this loan may also qualify for the MISSOURI FIRST Linked Deposit Program with the state treasurer's office.

Animal Waste Treatment System Loan Program - Through this program independent livestock and poultry producers can finance waste treatment systems at below conventional interest rates (currently 5.8% fixed interest). Loans may be made only to livestock operations with less than 1,000 animal units. Processors or collectors of animal waste or dead animals may also qualify for a loan if their operation does not require a point source permit from the Department of Natural Resources.

Plant Industries Division

Sustainable Agriculture Program - This provides monetary awards to farmers who can show a reduction in nonrenewable resources carried out under actual farming conditions. Sixty-nine thousand dollars (\$69,000) has been appropriated annually the past four years. This funds 23

projects at a maximum of \$3,000 each. Most of the farmers winning these awards would be classified as small farmers. An overall objective is to provide the opportunity for Missouri growers to demonstrate innovative techniques in sustainable agriculture. Growers are encouraged to share their projects and knowledge through field days, articles or other types of outreach. The project results are summarized in an annual report.

Free seed testing for germination and purity - To assist small farmers in making good and purchasing or planning decisions, we provide free seed testing from June 1 to August 31 and November 1 to January 15. The remainder of the year official samples take precedent, but farmers can continue to get seed samples analyzed for a fee. No additional funding.

Weights and Measures Division

The Weights and Measures Division touches the lives of every consumer in the state, small farms included, through the certification of weighing and measuring devices, surveillance of buying and selling practices, and quality assurance programs for both food and fuel products. It is the responsibility of this division to protect the interests of producers and consumers and assure a level playing field in the marketplace, thereby helping to maintain a thriving economy.

Weights and measures officials are a silent third party in every commercial transaction. Their presence ensures a fair and equitable exchange of products and services.

Animal Health Division

Small farmers receive a significant portion of their income from animal agriculture. The Animal Health Division is committed to reaching out to Missouri's small producers to assist them with disease control, food safety and quality assurance, animal well-being, environmental quality, and state-federal cooperation. This division maintains geographically located personnel and diagnostic laboratories that provide information regarding all animal health programs. Outreach efforts to provide information at livestock markets and veterinarians are ongoing. Healthier, higher-quality livestock will assist in bringing more profit to Missouri's small farmers.

The livestock agriculture environment is undergoing significant changes in response to consumer demands, marketing conditions, and the 1996 Farm Act. Management risk is increasingly important to small farmers. As the trend toward fewer but larger farms continues, small farmers will have to achieve success through strong technical and managerial skills. One of our primary goals is to effectively control livestock diseases that limit access of Missouri livestock/livestock products to domestic or international markets or threaten the public health. The Animal Health Division strives to assist small farmers regarding the following issues:

Disease Control

- Educate producers and encourage bio-security, vaccination, and other disease prevention measures.
- Serve as a resource for animal health testing and certification requirements for national and international trade. Producers can explore marketing possibilities based upon these conditions.
- Ensure representation of small farmers on state veterinarian's livestock and poultry advisory groups. These representatives provide an industry perspective in the formulation of policies and regulations.
- Offer and encourage participation in voluntary disease eradication/certification programs to target diseases of economic consequence to the livestock and poultry industries. Provide state-of-the-art diagnostic services to all areas of the state. These laboratories are staffed with highly trained technicians and are ranked among the most prestigious in the nation. Cost for testing procedures is minimal, offering farmers and veterinarians cost-effective, reliable and rapid diagnostic services.
- Decrease the incidence and impact of infectious and contagious diseases in Missouri's livestock population. These efforts have allowed zero-dollar producer loss due to catastrophic disease outbreaks for several years.
- Protect Missouri's animal population by swift action against the threat of foreign animal disease through implementation of emergency management plans for all species in the event of a catastrophic disease outbreak.

Food Safety and Quality Assurance

- Assist producers in shifting from the idea of livestock production to food production through implementation of quality assurance practices.
- Advocate livestock management and genetic quality improvement programs to add value and increase consumer confidence.
- Offer educational resources in a variety of formats and access points (brochures, seminars, information centers at livestock markets and veterinarian offices, county fairs, videos, vocational agriculture schools, FFA clubs, etc.)

Animal Well-Being

- Continue Animal Care Facilities program efforts to enhance the value of companion animal production in Missouri.
- Decrease the number of legitimate animal well-being complaints through education about the best management practices and handling techniques for animals.

Environmental Quality

- Provide assistance to livestock producers in developing environmental stewardship systems.
- Educate and assist producers in the proper utilization of nutrient management plans.

State-Federal Cooperation

- Commit to working with our federal counterparts where overlapping authority occurs to reduce duplication and redundancy of government programs.

Market Development Division

Market News Service - Small farmers need an unbiased, reliable, accurate and timely source for livestock and grain market news to remain competitive and assist them in making wise and profitable marketing decisions. Our market news service guides small farm producers in production planning and provides a more even playing field in the marketplace. To reach more customers with up-to-date market information, we are increasing our Internet exposure while continuing to publish a *Weekly Market Summary*.

Aquaculture - More than 75% of the aquaculture enterprises in Missouri can be considered as small farm operations. We provide small farmers with production and technical information. We also assist with planning an annual aquaculture conference which provides current information on starting an aquaculture operation, water quality management and marketing aquaculture products. We assist small farmers to develop alternative economic strategies by including fish as part of their farming operation. Markets are available for Missouri-grown, high quality catfish fillets, and we need farmers to produce enough fish to develop processing facilities and a network to the retail market.

Specialty Crops - Many specialty crops are grown on small farms. We help to offer alternatives to traditional crops grown in the state, and in many cases, with less land and capital investment methods than those traditional crops. This may allow young farmers to start in agriculture or allow another generation to come back to the farm. We promote exports of specialty and identity-preserved crops which provides small farmers the opportunity to diversify their production. Furthermore, many specialty and identity-preserved crops are contract-grown, providing a more secure source of income than "regular" varieties of crops.

Marketing Cooperatives - Cooperatives can be a way for small farmers to gain economic strength by pooling resources, marketing and buying in larger quantities, and increasing their bargaining power. We provide assistance to small farmers by answering their questions about how to form a cooperative, alliance, or other collective activity. They are provided the basic principles and state regulations, as well as more complex information relative to equity issues, board structure, tax implications and marketing strategies. We also provide export assistance to farmer-owned

cooperatives.

Grape and Wine Industry - Our viticulture and enology advisory program provides professional consultation to existing and prospective grape growers and wine makers. The sale of Missouri wine is increasing, but grape production is not keeping pace with demand. A grape grower incentive was first offered four years ago, and continues to help small farmers and wineries defray some of the cost on new grape acres planted. The momentum of the present growth in wine sales and the tremendous potential for increased production of grapes and wine should be capitalized in order to increase employment and profits in agriculture and tourism.

Fruits and Vegetables - We assist communities organize farmers' markets. There are currently 71 farmers' markets in the state. We also serve as a source for production and marketing information for food circles, small fruit growers, peach growers, apple growers, vegetable growers, etc.

Agricultural Commodity Groups - Many small farmers have a voice in our agriculture industry through membership in a commodity organization. We recognize 52 established commodity groups in the state and provide them marketing and promotional assistance.

Forage - We were the first state to install a hay hot line in 1988 which provides Missouri small farmers with a direct link to sell or buy hay.

Livestock Promotion - We provide small farmers with information on animal health, quality and livestock marketing options. We also help coordinate out-of-state livestock tours for small farmers. These tours provide them with new ideas on livestock production, genetics and marketing.

Publications - The Market Development Division provides several publications to assist small farmers in marketing their products:

- AgriMissouri Buyer's Guide
- Contacts For AgriMissouri
- Farmers' Market Directory
- Missouri Agricultural Export Directory
- Missouri Aquaculture Directory
- Missouri Hay Directory
- Missouri Livestock Market Directory
- Taste Missouri Wine Country Brochure

Education - The Market Development Division coordinates and is involved in various activities designed to educate small farmers and consumers about agricultural production and marketing, and the services provided by the division. Examples of these activities include the Missouri Youth Livestock Grading and Judging Contest, the Missouri State Fair Livestock Carcass Shows and the Hay Contest. We also exhibit at numerous agricultural trade shows and county fairs.

Value-Added - There is a growing recognition among small farmers that if they are to boost their economic returns from farming, they need to find ways to earn a greater share of the consumer dollar by adding value to their own products. These strategies can include farmer-owned cooperatives and other business ventures for the purpose of value-added processing, production and marketing of crops and livestock. Our AgriMissouri program provides niche markets for small farmers and opportunities to add value to their products. We also provide financial assistance to small farmers/companies to promote and market their products.

International Marketing - The export assistance we provide to Missouri producers, farmers and agribusinesses often does not directly "touch" small farmers, but there is a trickle-down effect to small farmers. For example, we provide export assistance to Fancy Farms/Pro-Popt in Bernie, a grower, contractor and processor of popcorn. Our assistance has led to popcorn exports, which benefits Fancy Farms' owners, employees and contract farmers (many of whom are small farmers).

- We provide assistance to Missouri producers to export lumber. Much of the lumber Missouri exports originates from small farms. By promoting exports of forest products, we increase the demand and the price paid for standing timber. This helps small farms by diversifying their sources of income and enabling them to earn income from land which is not suited to other types of agriculture.
- Large and small farmers benefit from the assistance we provide grain companies in expanding markets, primarily in Mexico.
- We directly assist purebred swine producers, purebred beef cattle producers, purebred sheep producers, horse producers, and replacement dairy cattle producers with export sales. In addition, we cooperate with brokers to increase exports of Missouri livestock.
- We assist elk and raptorial producers with exporting related products such as oils, hides, antlers and meat.
- We provide assistance in exporting feed ingredients. Increased demand for feed ingredients increases the total value of the raw materials used to make such ingredients. In many cases, the feed ingredients are made from animal by-products, such as offal, blood, bone, feathers, whey, etc. Increasing the value of such by-products, increases the price paid to small farmers for their livestock.

Since U. S. agriculture produces far more than we can consume domestically, it is absolutely necessary to promote and maintain exports. Failure to do so results in lower prices and lower income for all producers. This can be especially important for small farmers, since they may be less able to withstand drastic drops in income for long periods of low prices.

Agricultural Development Fund Financial Assistance - We assist vocational agriculture instructors, University Extension specialists, 4-H leaders, and banking personnel identify and assist small farm producers and rural youth. Financial assistance is provided in the form of agriculture scholarships, youth crop and livestock loans, farm mechanics loans, and alternative production loans. The ADF program also offers the Missouri Agribusiness Academy which helps to educate and prepare rural Missouri youth for careers in rural Missouri and agribusiness.

Grain Inspection and Warehousing Division

Grain Regulatory Services

- Verifies that all grain, which is delivered and stored in public warehouses, is maintained in the same quality and quantity for the small farmer. Further, the public warehouseman is required to meet certain financial criteria and is subject to audit by the department to prevent insolvencies which can be a financial disaster for small farmers.
- Grain buyers who purchase from farmers must meet financial liquidity requirements and are subject to audit by the department to ensure full payment to all grain producers.
- In case of grain warehouse and/or dealer insolvency, the department, working through the Attorney General's office, liquidates the grain assets and bonds to assure fair and equitable redistribution to grain producers; and in case of bankruptcy, the department represents the farmer's interest in the U.S. Bankruptcy court.

Grain Inspection Services

- Grain Inspection Services program offer quality inspection and weighing services to ensure that grain and rice are marketed in an orderly and timely manner at fair market value.
- Daily inspection services are provided year round from six laboratories located in Marshall, New Madrid, North Kansas City, Laddonia, St. Louis, and St. Joseph.

Commodities Check-off

- We work with commodity groups to collect check-off monies and when necessary, make refunds on check-offs.